

Accounting Policies Handbook

Directive Number: 1980.1

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000****OFFICE OF THE CHIEF FINANCIAL OFFICER**

Special Attention of:

Transmittal: Handbook 1980.1, Change 2
Issued: September 2015

1. This Transmits:

Change 2 of Handbook 1980.1, *Accounting Policies Handbook*. It includes the Table of Contents, Chapter 1, *Overview and Authority*, Chapter 2, *Consolidated Statements*, placeholders for Chapters 3 and 5, Chapter 6, *Internal Use Software*, Appendix 1, *Definitions*, and Appendix 2, SFFAS 10, *Accounting for Internal Use Software*.

2. Explanation of Changes:

The Accounting Policies Handbook was initially established with one chapter on Consolidated Statements, but it was always envisioned as encompassing other policies related to accounting activities. Prior accounting handbooks have focused on the use of the financial systems HUDCAPS, LOCCS, etc. These handbooks will change as systems change. This handbook focuses on policies requiring accrual estimates, write-offs, eliminations, depreciation, and other accounting entries required by GAAP and not ordinarily triggered by a transaction or award.

In the audit of HUD's FY 2014 financial statements, the HUD OIG identified the need to develop and implement procedures requiring OCIO to provide timely and reliable information needed to accurately account for HUD's internal use software in accordance with SFFAS 10.

With the addition of this chapter on Internal Use Software, Handbook 1980.1 provides policy guidance for implementation of FASAB SFFAS 10, *Accounting for Internal Use Software*, which was first published in October 1998.

Chapters 1 and 2 and Appendix 1 were also modified to accommodate the addition of this new chapter. Other financial policies will be created and inserted into this handbook, and filing instructions will be provided as they are developed. Chapter 3 is reserved for insertion of HUD's Grant Accrual policy. Chapter 4 was recently added and incorporates the Purchase

Card Accrual policy. Chapter 5 is reserved for HUD's policy on Goods and Services Received but Not Invoiced.

3. Filing Instructions

This is a new chapter within Handbook 1980.1. This transmittal should be placed prior to the transmittal of Change 1 of the Handbook. In addition, a new Table of Contents replaces page ii as pages ii and iii. A revised Chapter 1, *Overview and Authority*, replaces the old Chapter 1. A revised Chapter 2, *Consolidated Statements*, replaces the old Chapter 2. Placeholders should be inserted for Chapters 3 and 5. The new chapter, Chapter 6, should be inserted after the placeholder for Chapters 5. The revised Appendix 1, *Definitions*, replaces the old Appendix 1, and a new Appendix 2, *SFFAS 10, Accounting for Internal Use Software*, is to be inserted after Appendix 1.